

Message Text

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PAGE 01 BRASIL 03289 02 OF 02 302043 Z

67

ACTION ARA-17

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 PC-04 RSR-01 MC-02

ACDA-19 MBFR-03 /173 W

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 7939

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L SECTION 2 OF 2 BRASILIA 3289

5. ASSUMING THAT POLITICAL STABILITY WILL BE MAINTAINED, THE PROSPECTS FOR SUSTAINED ECONOMIC PROGRESS IN THE COMING FEW YEARS ARE VERY GOOD. THE INTERNATIONAL BUSINESS COMMUNITY CONTINUES TO LOOK CONFIDENTLY UPON BRAZIL AS A PRIME INVESTMENT OPPORTUNITY, AND INTERNATIONAL LENDING AGENCIES AS WELL AS GOVERNMENTS ARE LIKELY TO REMAIN SOURCES OF INVESTMENT CAPITAL OF SUBSTANTIAL MAGNITUDE. BRAZIL'S FIRM COMMITMENT TO PRIVATE ENTERPRISE AS THE MOTOR OF DEVELOPMENT IS UNLIKELY, UNDER ANTICIPATED CONDITIONS, TO ALTER, AND FOREIGN INVESTMENT WILL CONTINUE TO BE IMPORTANT AS A MEANS OF GROWTH. IF, THEREFORE, THE SUCCESSOR REGIME PERMITS THE SAME DEGREE OF PRAGMATIC AND IMAGINATIVE USE OF THE TOOLS OF GOVERNMENT WHICH HAS CHARACTERIZED THE MEDICI PERIOD, BRAZIL SHOULD REGISTER A CONTINUED HIGH RATE OF ECONOMIC GROWTH, AND PROSPECTS FOR THE UNITED STATES TO BENEFIT THROUGH MUTUALLY ADVANTAGEOUS TRADE ARE MOST PROMISING IF WE ARE ABLE TO MAINTAIN OUR COMPETITIVE POSITION.

6. IT IS CLEAR THAT AT THE PRESENT TIME BRAZIL CONSIDERS ITS

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PAGE 02 BRASIL 03289 02 OF 02 302043 Z

FRIENDLY RELATIONS WITH THE UNITED STATES TO BE THE CORNER-STONE OF ITS POLICY, AND THAT SITUATION WILL REMAIN FOR THE FORESEEABLE FUTURE. BRAZIL IS A GROWING POWER WITH STRONG POLICIES BASED FIRST ON ITS NATIONAL INTEREST, BUT REACHING OUT FOR REGIONAL AND IN SOME DEGREE WORLD LEADERSHIP. IT SEES ITS FUTURE INTERTWINED WITH THAT OF THE UNITED STATES, AND THIS FACT WILL, IN MY JUDGEMENT, RENDER IT POSSIBLE FOR OUR BILATERAL RELATIONSHIPS TO CONTINUE ON A MUTUALLY SATISFACTORY BASIS.

7. WE HAVE BEEN SUCCESSFUL IN THE PAST FEW YEARS IN FINDING ACCEPTABLE SOLUTIONS TO VIRTUALLY ALL OF THE BILATERAL ISSUES WHICH HAVE ARISEN. THIS SUCCESS HAS BEEN ATTAINED BY A PRAGMATIC APPROACH AND A WILLINGNESS TO FIND MEANS TO ACHIEVE AGREEMENT IN PRACTICE, EVEN IN CASES WHERE DIFFERENCES IN PRINCIPLE MUST BE PRESERVED BY THE RESPECTIVE PARTIES. OF THE REMAINING DISAGREEMENTS, INTERNATIONAL COMMODITY AGREEMENTS AND THE LAW OF THE SEAS ARE THE MOST TROUBLESOME. IT IS SIGNIFICANT THAT THE MORE DIFFICULT PROBLEMS REQUIRE ACTION LARGELY IN MULTILATERAL FORA. TO THE EXTENT TO WHICH ASPECTS OF THESE PROBLEMS CAN BE RESOLVED ON A BILATERAL BASIS, THIS HAS SO FAR BEEN DONE WITH RELATIVE EASE.

8. A NUMBER OF ACTIONS OF THE BRAZILIAN GOVERNMENT IN THE RECENT PAST HAVE BEEN SOURCES OF PARTICULAR GRATIFICATION, BUT NONE MORE SO THAN DECISIONS OF THE BRAZILIAN MILITARY LEADERSHIP TO STRENGTHEN RELATIONS WITH THE UNITED STATES IN EVERY PRACTICABLE WAY. THUS PRESIDENT MEDICI RECENTLY APPROVED THE PROCUREMENT BY THE BRAZILIAN AIR FORCE OF F-5 AIRCRAFT, NOT ONLY BECAUSE OF FINANCIAL AND TECHNICAL CONSIDERATIONS BUT ALSO, IMPORTANTLY, BECAUSE OF THE POLITICAL DECISION THAT MILITARY TIES WITH THE UNITED STATES ARE OF GREAT IMPORTANCE. SIMILAR DECISIONS WITH RESPECT TO HELICOPTERS AND OTHER IMPORTANT MILITARY EQUIPMENT HAVE SIGNIFIED A DECLINE IN THE BITTER RESENTMENT BY BRAZILIAN MILITARY LEADERS OF WHAT THEY CONSIDERED TO BE AN EARLIER UNREASONABLE AND PATERNALISTIC ATTITUDE ON THE PART OF THE UNITED STATES WITH RESPECT TO SALES OF MILITARY EQUIPMENT, AN ATTITUD WHICH HAD CAUSED THEM TO TURN PRIMARILY TO EUROPEAN SOURCES OF SUPPLY.

CONFIDENTIAL
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PAGE 03 BRASIL 03289 02 OF 02 302043 Z

9. THERE ARE, OF COURSE, IMPORTANT DISCUSSIONS AND NEGOTIATIONS AHEAD IN WHICH WE WILL BE SEEKING BRAZILIAN SUPPORT ON SUCH MATTERS AS INTERNATIONAL MONETARY REFORM, MULTILATERAL TRADE RELATIONS, THE FUTURE OF THE OAS, THE LAW OF THE SEAS, AND OTHERS. THE ATMOSPHERE FOR THESE NEGOTIATIONS

AND DISCUSSIONS IS GOOD, AND THUS ALSO ARE THE PROSPECTS FOR
AT LEAST SOME DEGREE OF SUCCESS. BEYOND THAT, WE MUST PURSUE
AND TAILOR OUR PROGRAMS IN THIS COUNTRY IN A MANNER DESIGNED
TO REINFORCE THE BASE OF SOLID HUMAN RELATIONS WHICH UNDERLIES
AND GIVES WARMTH AND FORCE TO OUR EXCELLENT BILATERAL
RELATIONS. IN THIS WAY WE HOPE THAT AS BRAZIL MATURES AND
GAINS STRENGTH, IT WILL CONTINUE TO BE ONE OF OUR CLOSEST AND
WARMEST FRIENDS, AND AN ASSET IN AN AREA OF PARTICULAR IMPORTANCE
TO US. SO LONG AS BRAZIL, WITH HALF THE LAND AREA AND
POPULATION OF SOUTH AMERICA, AND WITH A HIGH PERCENTAGE OF
THE RESOURCES OF THE CONTINENT, ACTS ALONG PRESENT LINES, WE
CAN PROCEED WITH AN OTHERWISE IMPOSSIBLE DEGREE OF CONFIDENCE
IN THE FUTURE OF THE AREA. ROUNTREE

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